

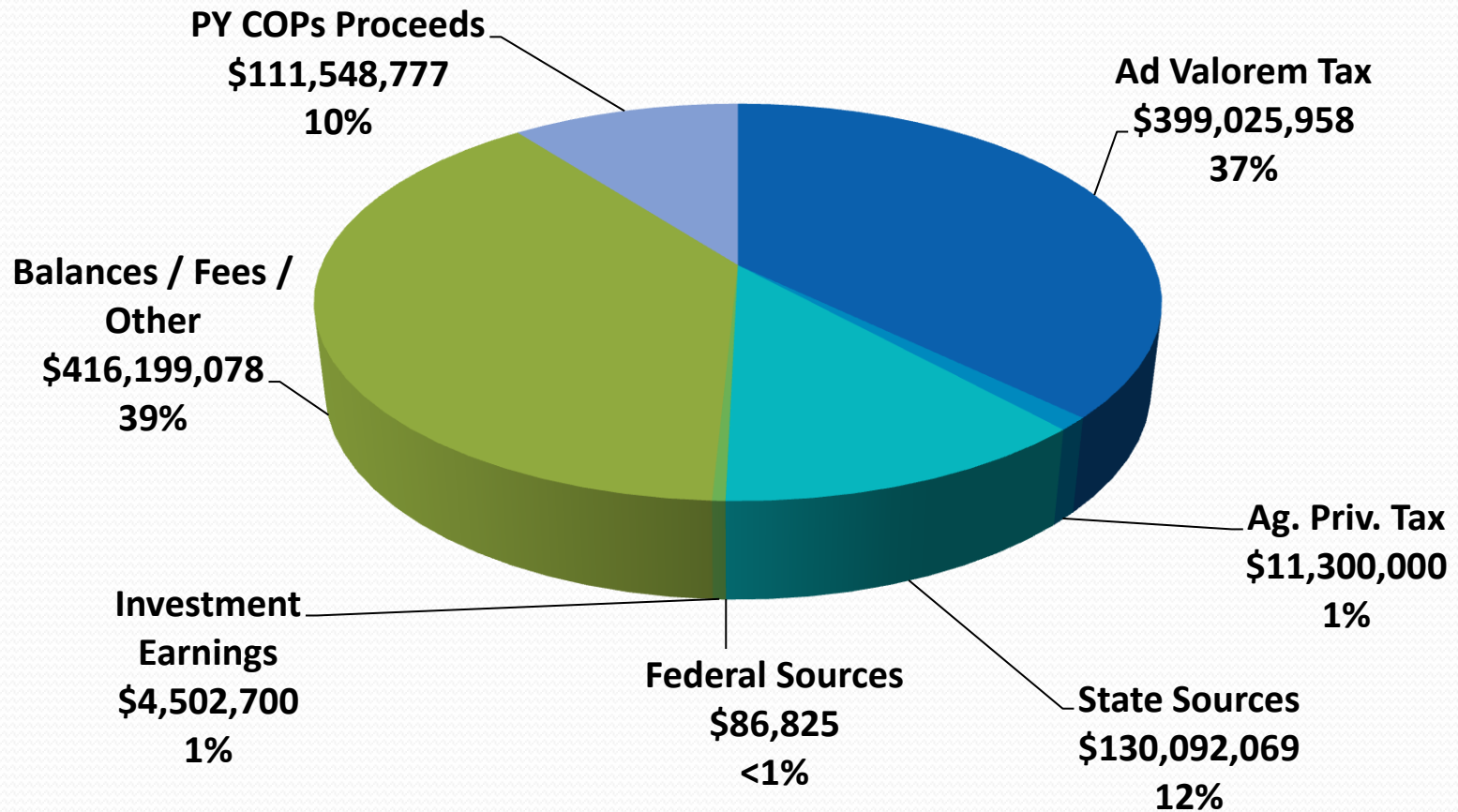
Budget Overview and Strategic Priorities

May 12, 2011

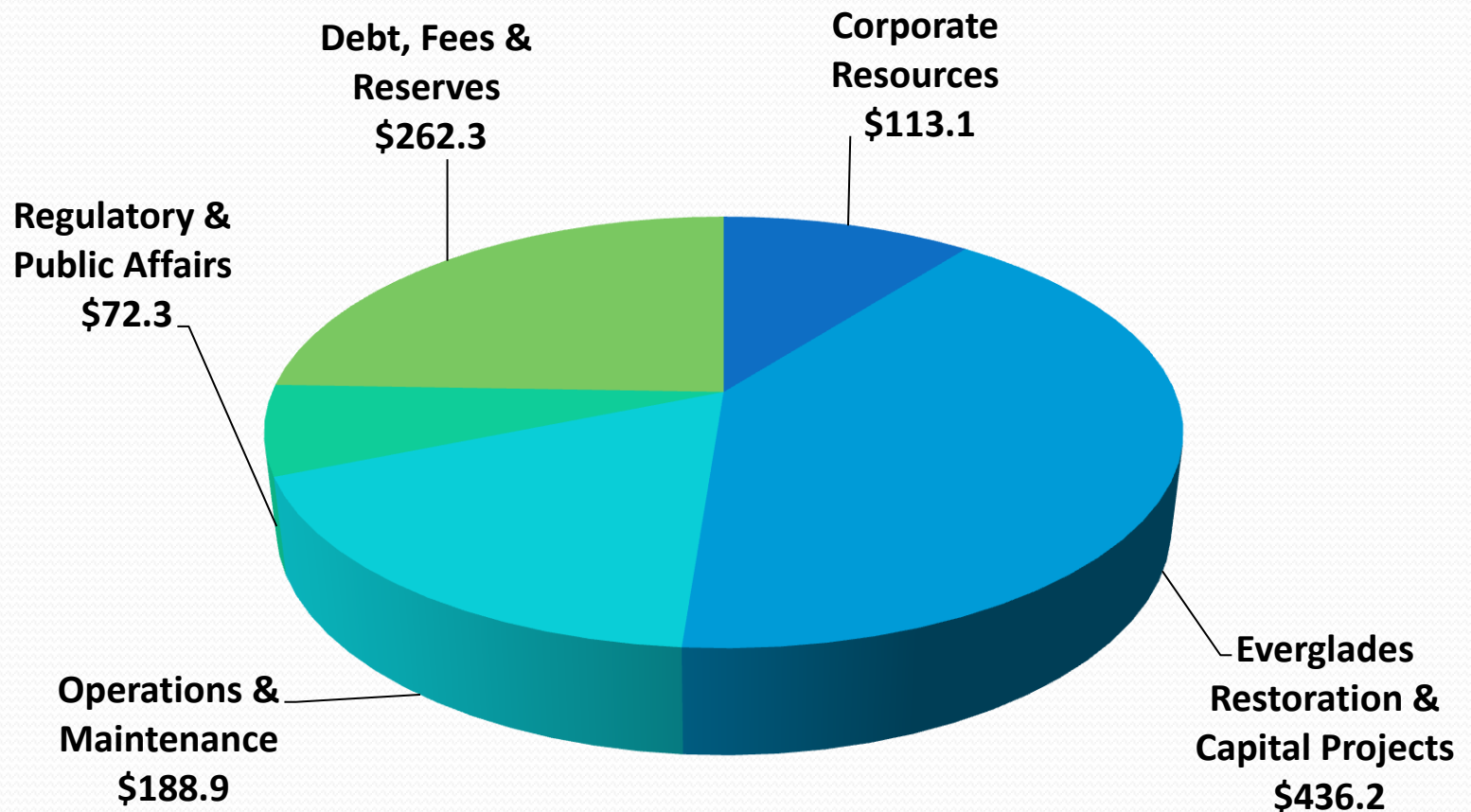
Today's Presentation

- Budget Overview
- Recap of Previous Governing Board Budget Policy Direction

FY11 Budgeted Revenues - \$1.072B



FY11 Budgeted Expenses - \$1.072B



Fund Structure

- The financial operations of the District are organized by funds.
- A fund is an independent fiscal and accounting entity with a self-balancing (revenues = expenses) set of accounts.
- There are uniform fund types used by state and local governments.

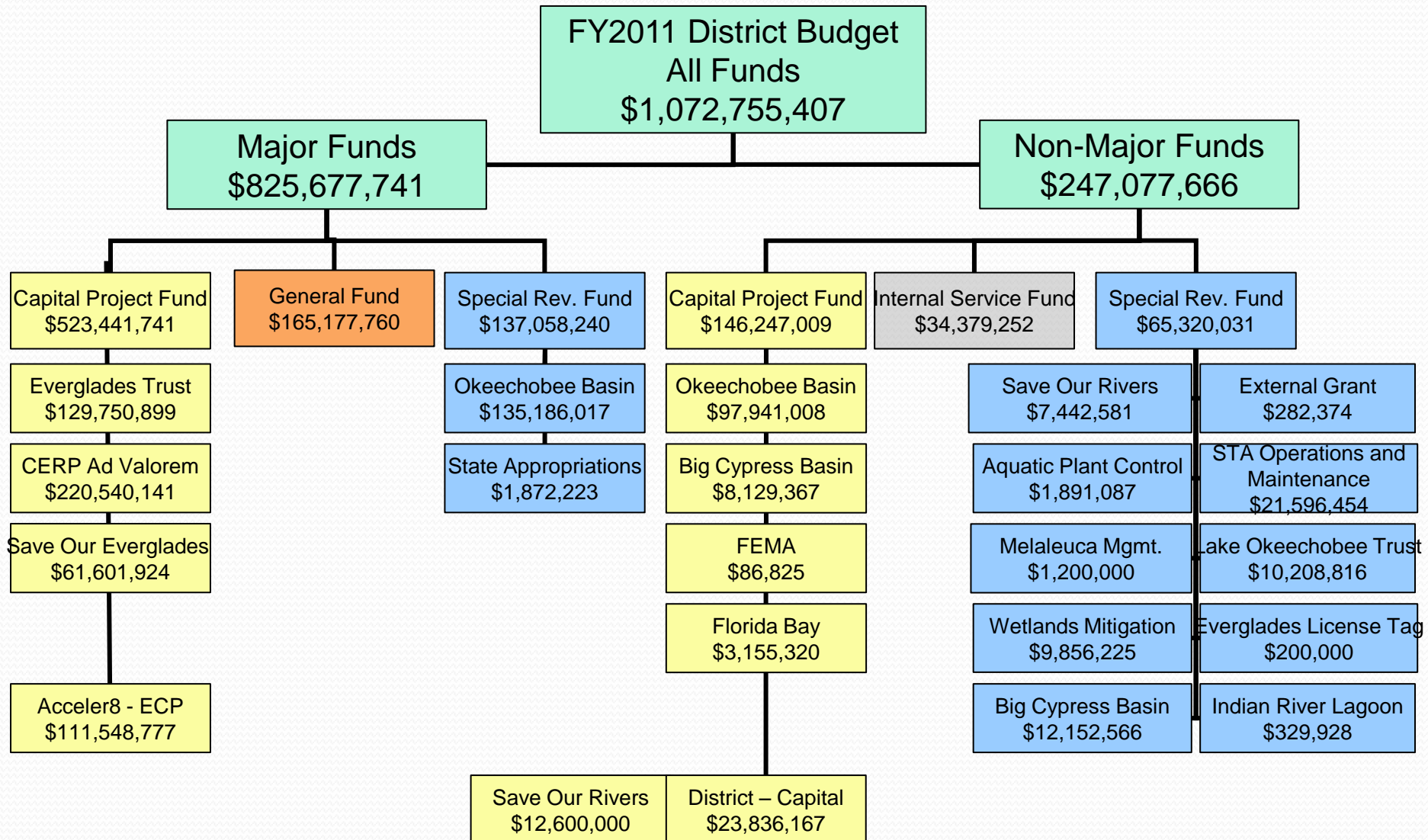
Fund Types

- **General Fund** – is the District's primary operating fund and accounts for District- wide expenditures; supported primarily by a tax levy in all 16 counties.
- **Special Revenue Funds** - account for legally restricted revenue sources with expenditures exclusively for specific purposes.
 - Okeechobee Basin (15 counties geographically, separate tax levy.
 - Big Cypress Basin – Tax levy to fund operating costs of District operations in Collier County.

Fund Types (cont.)

- **Capital Project Funds** – account for the acquisition of properties or construction of major capital facilities.
 - Everglades Construction Program
 - Comprehensive Everglades Restoration Program (CERP) Ad Valorem
- **Internal Service Funds** – accounts self-insured risks related to general liability, automobile, workers' compensation, and health insurance.

District Fund Structure



Projecting Ad Valorem Tax Revenue

$$\text{Taxable Value} \times \text{Millage Rate} = \text{Tax Revenue}$$

Taxable Value



**Values Determined by
County Property
Appraisers**

Millage (Tax) Rate



**Tax Rates Set by Taxing
Authorities
(City Councils, County
Commissions, SFWMD
Governing Board)**

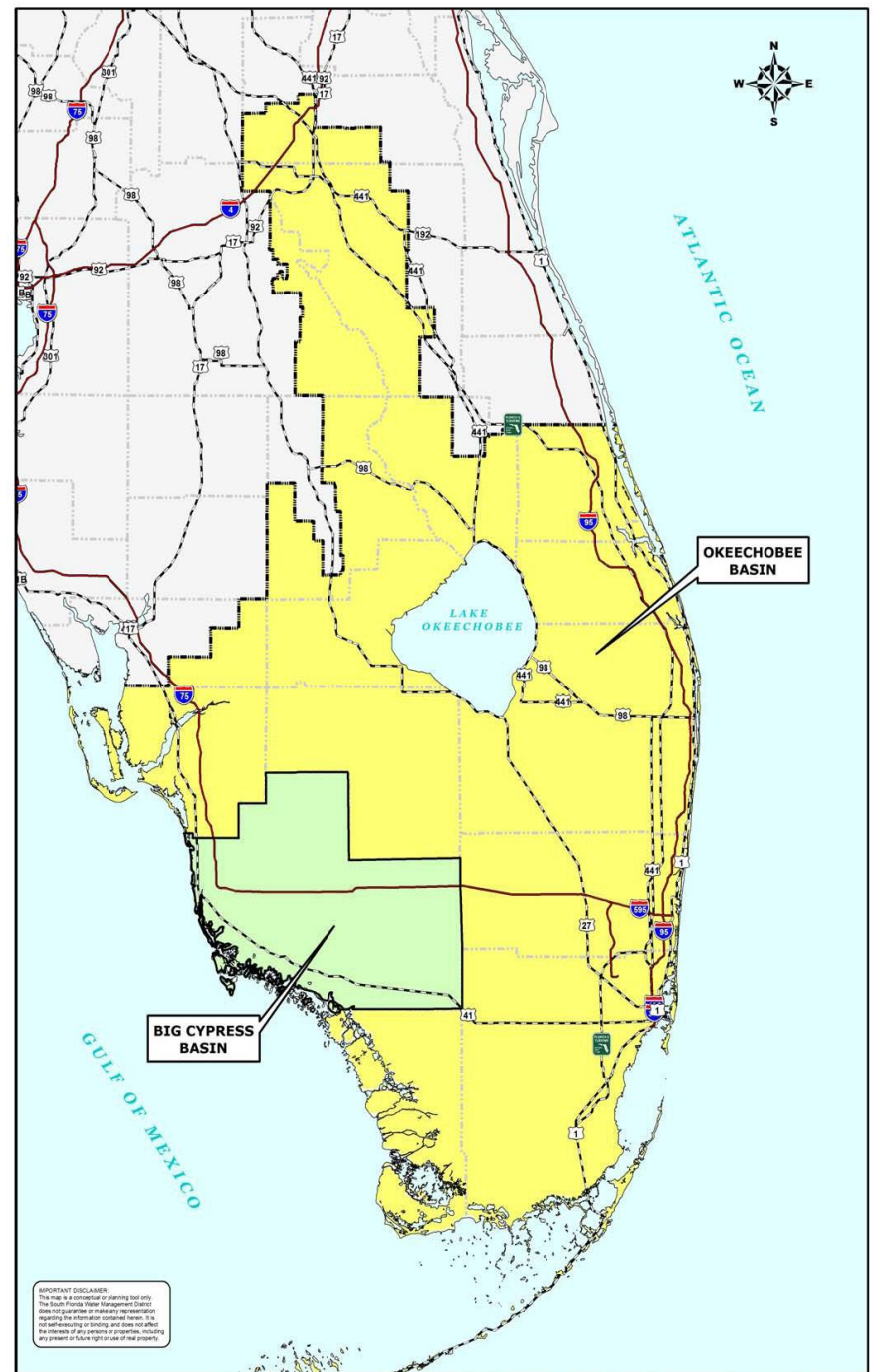
SFWMD Basin Boundary Map:

a. Okeechobee Basin*
(yellow)

b. Big Cypress Basin**
(green)

*Okeechobee Basin taxes
amount to \$62.40 per
\$100,000 of taxable value;*

*Big Cypress Basin taxes
amount to \$48.14 per
\$100,000 of taxable value.*



SFWMD Taxes per \$100,000 of Taxable Value

Palm Beach County Home (Okeechobee Basin)

Assessed Value	\$150,000
Less: Homestead Exemption	<u>(\$50,000)</u>
Taxable Value	\$100,000

Taxing Authority	Millage Rate	Taxes Due
SFWMD	0.2549	\$25.49
Okeechobee Basin	0.2797	\$27.97
Everglades Construction Project	<u>0.0894</u>	<u>\$8.94</u>
Total	0.6240	\$62.40

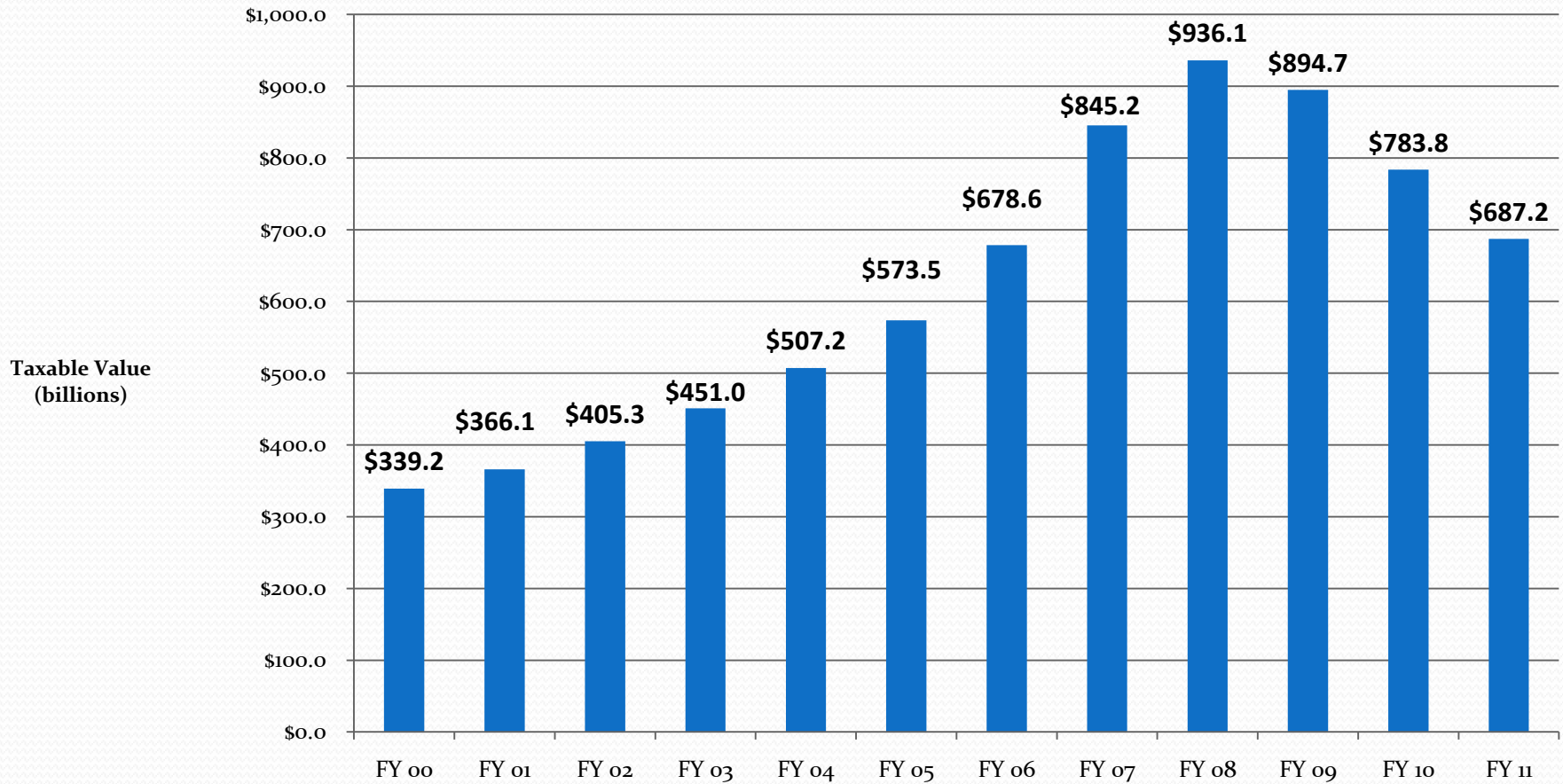
SFWMD Taxes per \$100,000 of Taxable Value

Collier County Home (Big Cypress Basin)

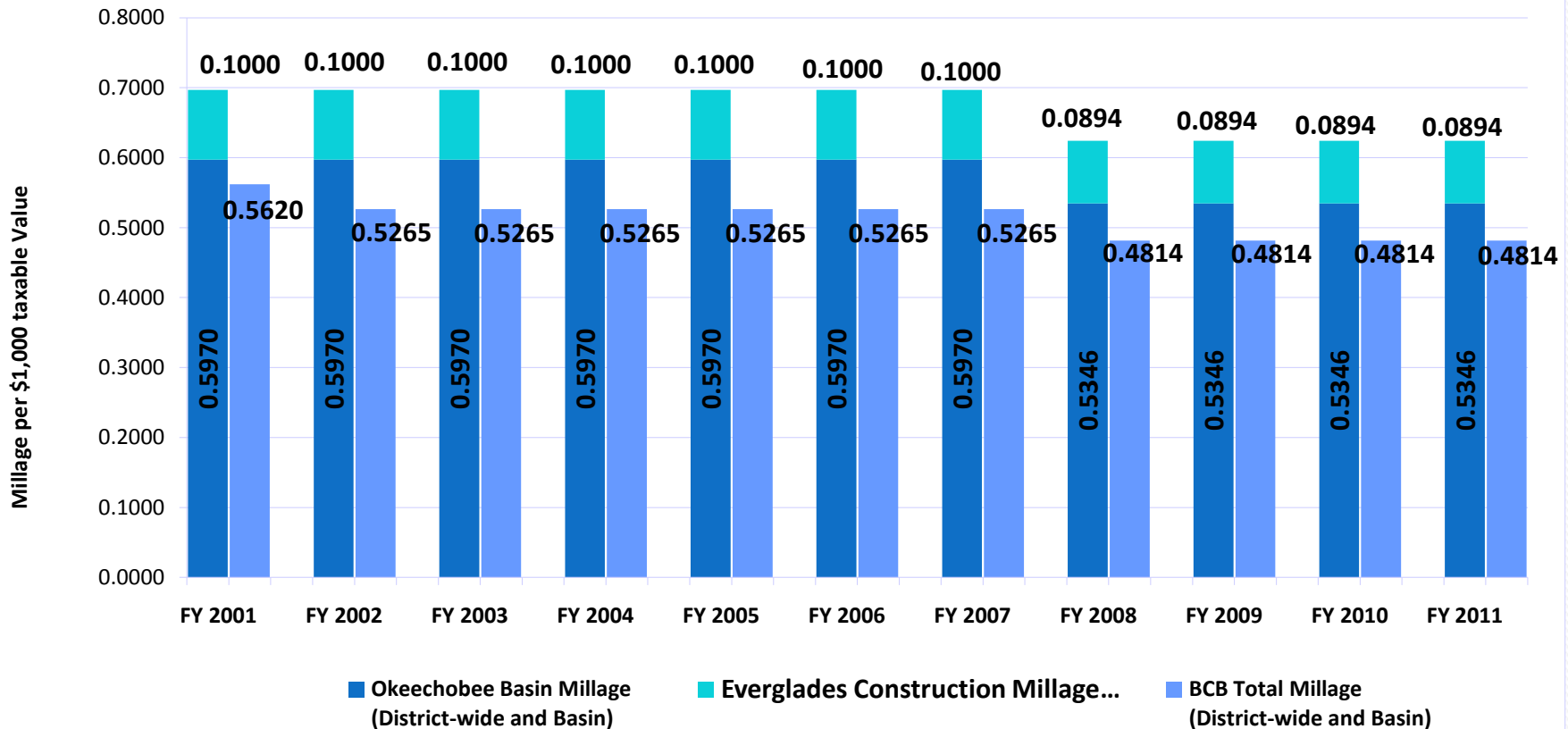
Assessed Value	\$150,000
Less: Homestead Exemption	<u>(\$50,000)</u>
Taxable Value	\$100,000

Taxing Authority	Millage Rate	Taxes Due
SFWMD	0.2549	\$25.49
Big Cypress Basin	<u>0.2265</u>	<u>\$22.65</u>
Total	0.4814	\$48.14

SFWMD Taxable Value (FY01 – FY11)



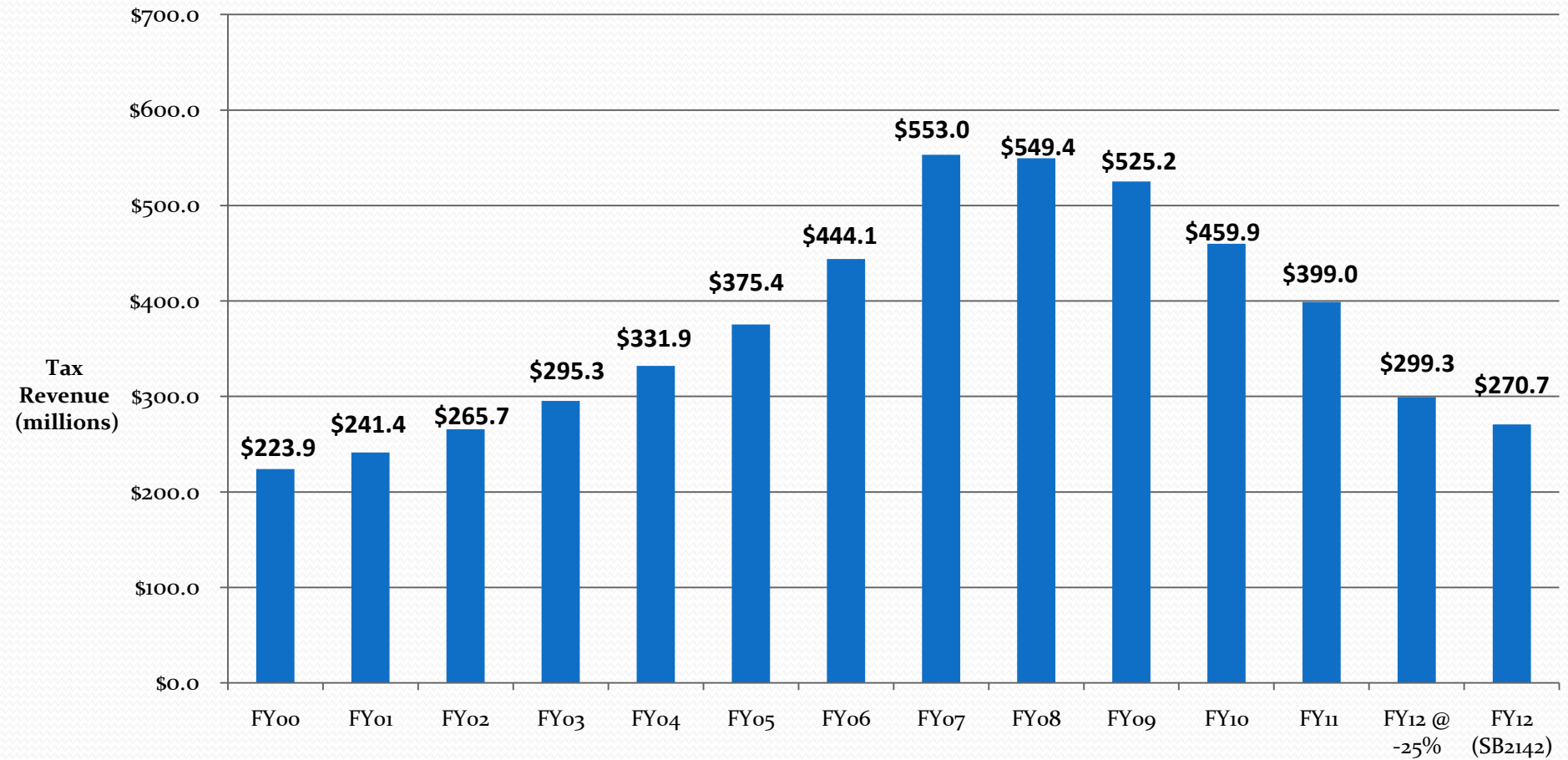
Comparison of Total Adopted Millage Rates – Okeechobee Basin & Big Cypress Basin (FY 01 - FY 11)



SFWMD FY11 Millage Rates, Tax Levies, and Budgeted Tax Revenues

Millage	FY11 Tax Levy	FY11 Budgeted Tax Revenue
District-wide	\$175,155,021	\$166,397,270
Okeechobee Basin	\$174,878,376	\$166,134,458
Everglades Construction Project	\$55,896,056	\$53,101,253
Big Cypress Basin	<u>\$14,024,060</u>	<u>\$13,392,977</u>
	\$419,953,513	\$399,025,958

SFWMD Budgeted Tax Revenue (FY00 – FY12 est.)



FY11 SFWMD Budgeted Revenues in Ad Valorem Funds

Revenue Source	Total
Ad Valorem Taxes	\$399.0M
Agricultural Privilege Tax	\$11.3M
Interest, Permit Fees, Charges, Lease Revenues	<u>\$16.2M</u>
Total	\$426.5M

Statutory Requirements – Budget Process

Date	Activity
July 1	Property Appraisers provide certified taxable values to taxing authorities;
On or before July 15	Submission of tentative budget for consideration by the Governing Board of District proposed operations and funding requirements for the ensuing fiscal year.
August 1	Budget report provided to the Governor's Office, DEP, and the Legislature
<i>Required by August 4 in Statute; typically at July Governing Board meeting</i>	<i>Taxing authorities adopt proposed tax rates and submit them to the Property Appraisers for inclusion in Truth in Millage (TRIM) Notices.</i>
Between September 3 and September 18	Taxing authorities conduct initial public hearing on the tentative budget and proposed millage rates
Between September 18 and October 3	Taxing authorities advertise their intent to adopt final millage rates and budgets
Within 2 to 5 days after budget ad is published	Taxing authorities hold final public hearing and adopt millage rates and budgets

Questions?

Governing Board Strategic Planning and Service Level Discussion

May 12, 2011

I know it seems like it's come on us pretty fast, but...



Policy Issues to guide construction of FY12 budget:

- Existing Construction Projects
- Restoration planning
- Mandated vs. Non-Mandated
- Revenues and Reserves
- O & M Capital
- Internal administrative support costs



Existing Construction Projects

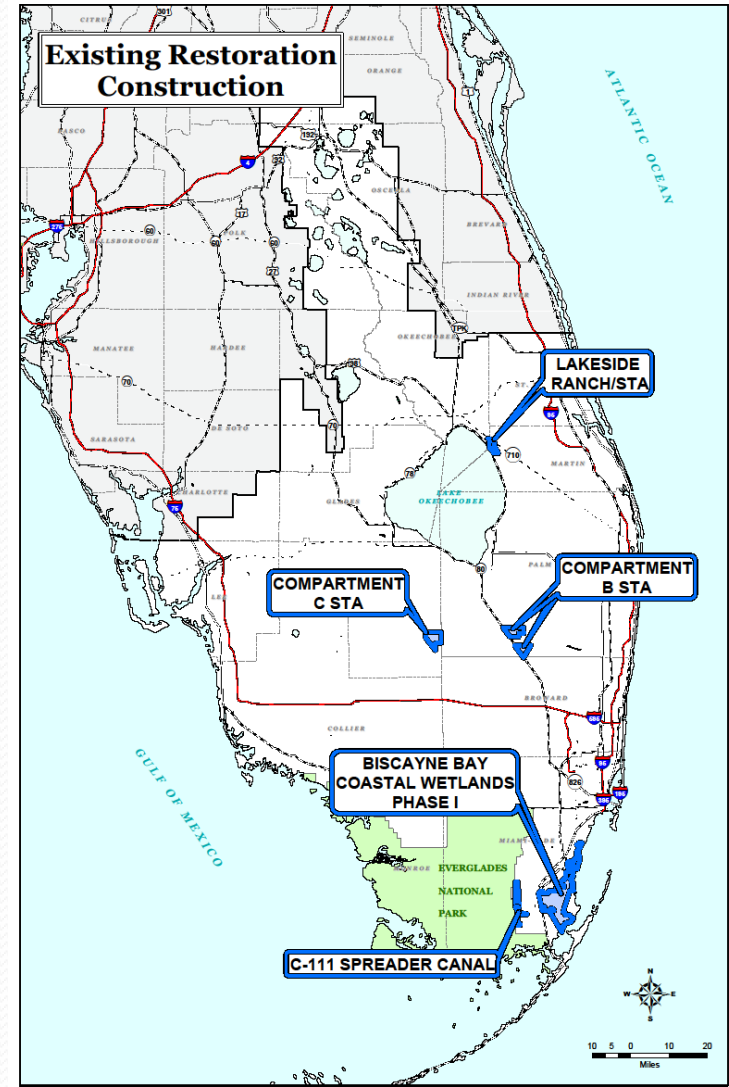


Existing Construction Projects

- Governing Board Policy Direction: Continue the construction for projects which have already been issued a notice to proceed and for which funding is fully in place.
- Review all other projects.
- No new starts unless directed by Governing Board
 - in conjunction with the amended determination or
 - Projects where construction and operations may be entirely or significantly funded by non-District funding sources

Existing Restoration Construction

- Lakeside Ranch STA Phase I
- C-111 Spreader Canal Project
- Biscayne Bay Coastal Wetlands – Deering Estates
- Compartment B STA
- Compartment C STA



Restoration Planning



Measure Twice, Cut Once!

Restoration Planning

- Planning Implementation Reports (PIR) are developed jointly by the Army Corp of Engineers and the local sponsor



- PIRs are required to obtain Congressional “authorization” for construction. (1st act of Congress)



- Authorization is required for Federal “Appropriation”. (2nd act of Congress)



- Both authorization and appropriation are necessary to sign a Project Partnership Agreement (PPA). It is the PPA that sanctions crediting of any previous local sponsor expenditures (e.g. land acquisition or expedited construction)

Restoration Planning

- The CERP includes 68 project components that were expected to be implemented over a 35 year horizon
- PIRs have been completed for the following projects:
 - Indian River Lagoon – South Project (including C-44 Reservoir and STAs)
 - Site 1 Impoundment
 - Picayune Strand Restoration
 - Melaleuca Eradication and Other Exotic Plants - Implement Biological Controls
 - C-43 West Basin Storage Reservoir
- PIRs are currently underway for six other projects

Restoration Planning

- Continued efforts recommended for PIRs that fall in the following two categories:
 - Category One – PIRs that:
 - Are substantially complete and
 - The District has limited responsibilities for the remaining work, and
 - The projects are anticipated to be in a foreseeable Water Resources Development Act (WRDA Bill);
 - PIRs anticipated to go forward under this category include: Broward WPAs, C-43 Reservoir, Biscayne Bay Coastal Wetlands, and C-111 Spreader Canal Project

Restoration Planning

- Category Two – PIRs that:
 - Provide significant cost share crediting benefits by recognizing previous District expenditures.
 - Projects anticipated to be included in Category Two include:
Loxahatchee River Watershed Restoration



Mandated vs. Non-Mandated

Must Do?...
Could Do?



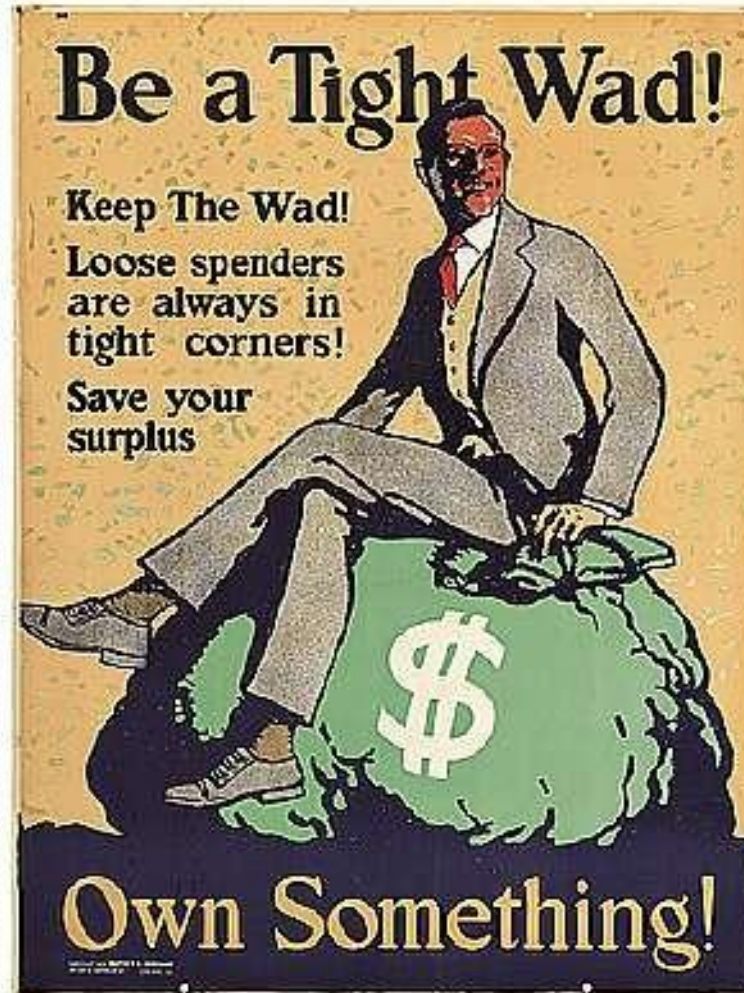
Mandated vs. Non-Mandated

- Proposed working definition of “mandate”:
 - Federal regulation
 - Court order
 - Florida statute
 - Existing permit requirement
 - Existing contractual requirement
- Proposed working definition for “non-mandated”:
 - Not required by the above, or
 - Performed to a level above that minimally required by the above

Mandated vs. Non-Mandated

- Governing Board Policy Direction:
 - Review all non-mandated functions
 - Review mandates as they
 - May be aged or no longer relevant
 - May be established at a quality or frequency that is beyond what may be acceptable today
 - May be a function that is outside the core mission of the agency

Revenues and Reserves



Revenues and Reserves



- For a two year period use of certain one time revenues such as reserves or fund balances may be appropriate
- It may also be appropriate to look more aggressively at certain revenue budgets vs actual such as interest earning.


FY11 Budgeted Reserves

Budgeted Reserves	Fund	FY 11 Budget	Service Level Impact
Fuel/STA O&M Reserves	Okeechobee Basin	\$2,000,000	To address fluctuations in fuel prices and for pumping operations during peak summer rains or tropical storm events.
	STA O&M Fund (217000)	\$3,000,000	
		\$5,000,000	
Hurricane Reserves	Okeechobee Basin	\$10,000,000	For storm cleanup and emergency structure repair
	Big Cypress Basin	\$402,611	
	Total	\$10,402,611	

FY11 Budgeted Reserves

Budgeted Reserves	Fund	FY 11 Budget	Service Level Impact
Capital Projects Reserves	Okeechobee Basin Capital Fund (402000)	\$28,384,766	For future capital projects
	EFA Capital Projects Fund (406000)	\$78,160,047	For future capital projects
Contingency Reserves	General Fund	\$3,177,892	District policy establishes a contingency reserve, at 1% of budgeted revenue within each ad valorem tax-supported fund; Potential to reduce by \$4.2M (based on FY 11 revenue).
	Okeechobee Basin	\$4,349,226	
	Big Cypress Basin	\$342,052	
	Total	\$7,869,170	

Ad Valorem Related Interest Revenues

	Budgeted Interest	Actual Interest	 Delta
FY 08	\$8,695,000	\$18,852,069	\$10,157,069
FY 09	\$8,695,00	\$15,391,814	\$ 6,696,814
FY 10	\$7,301,020	\$11,075,771	\$ 3,774,751
FY 11	\$4,239,000	\$ 1,881,185	\$ 2,357,815*
Average 08 -10			\$6,876,211

Recommended General Policy Directions:

- **Consider the use undesignated reserves for capital and economic stabilization reserves for FY 12 and 13 operating budgets**
- **To be measured but more aggressive in budgeting for interest earnings.**

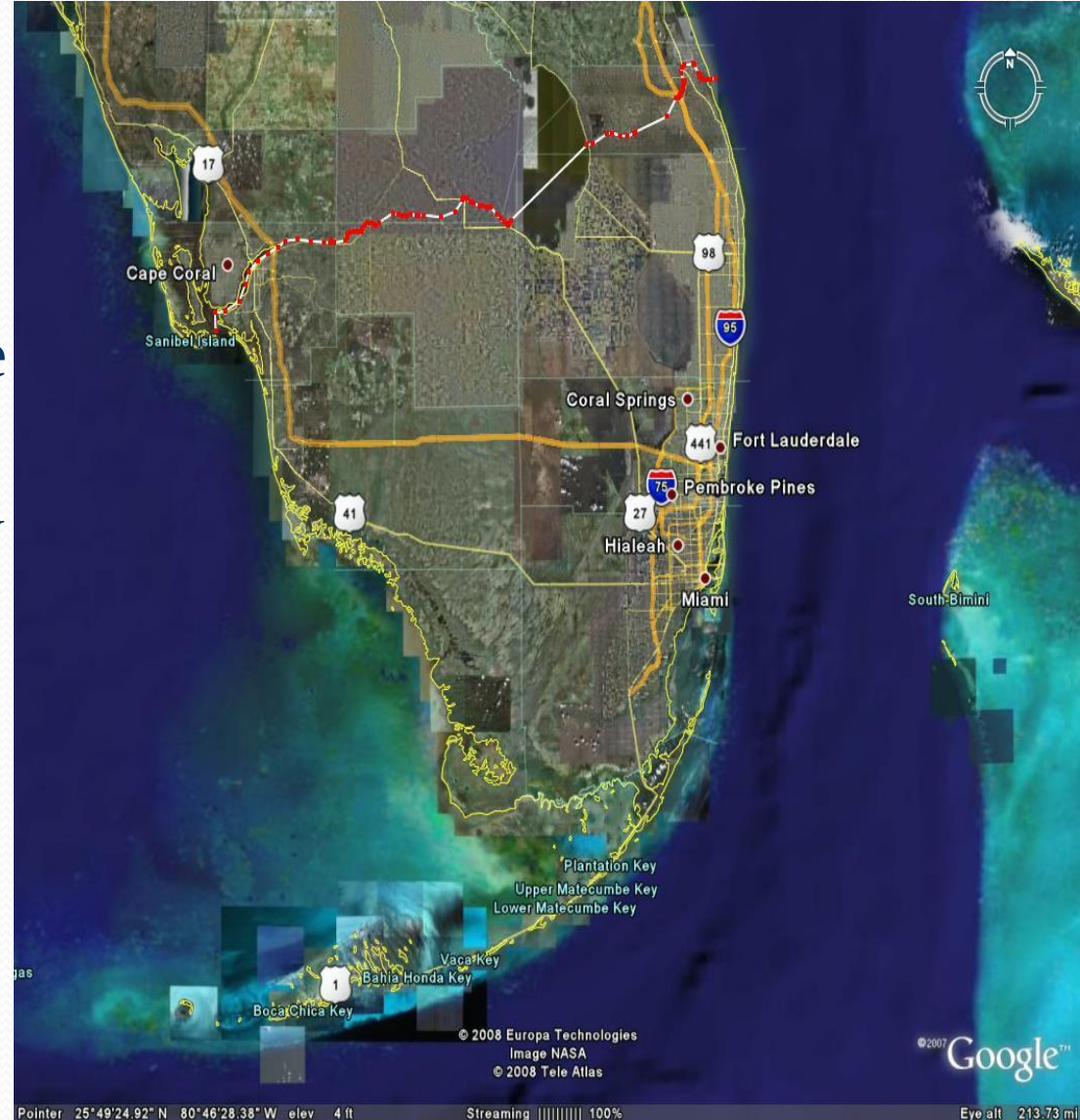
* Interest earned through 12/31/2010

O & M Capital

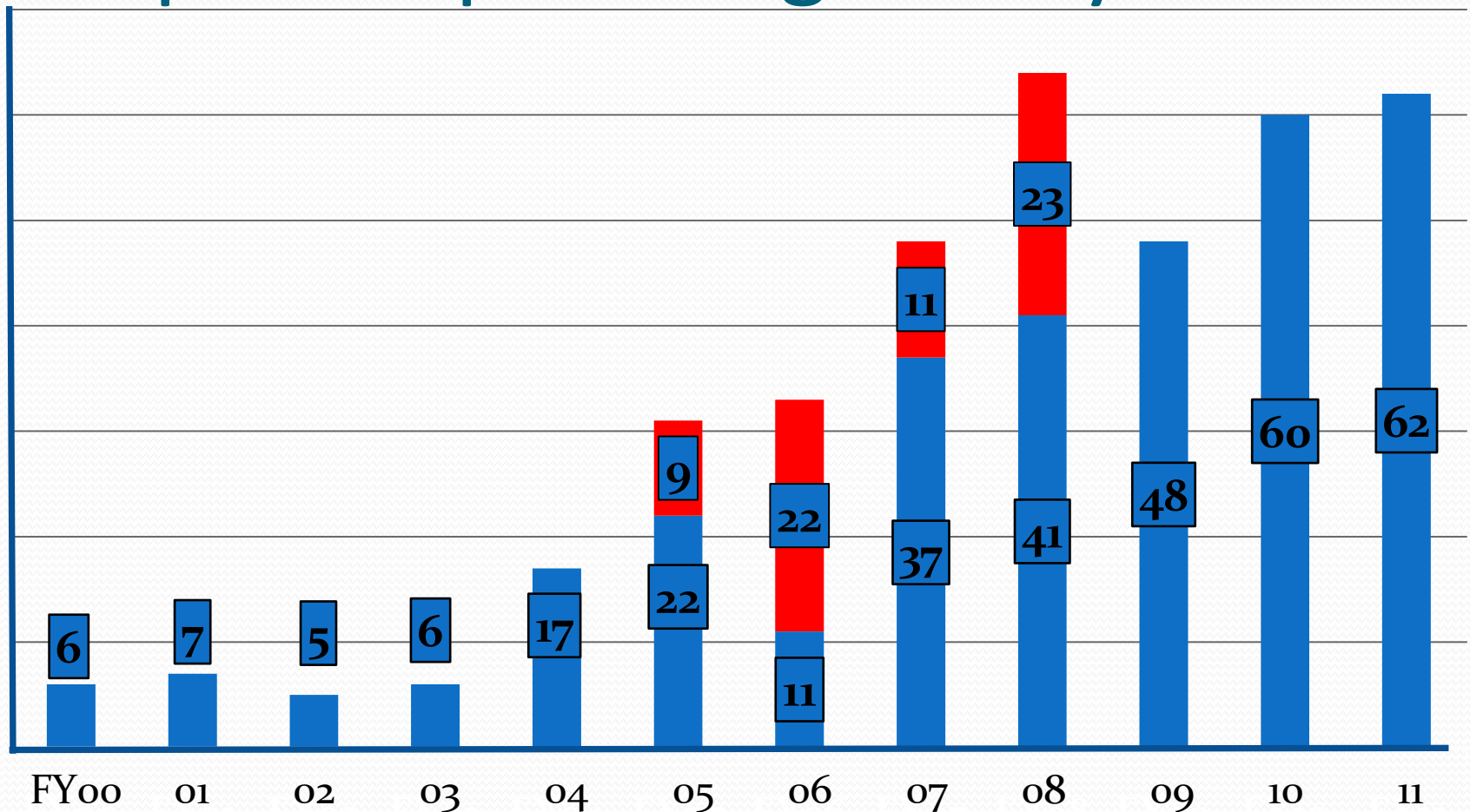


O & M Capital

- Invest in the infrastructure to ensure the agency can:
 - Provide the day-to-day flood protection for South Florida
 - Be able to respond to emergency flood conditions and hurricanes



Capital Repair Program Dynamics



■ Capital Repair Projects

■ Hurricane Repairs & Emergency Projects

Internal Support



Internal Support Functions

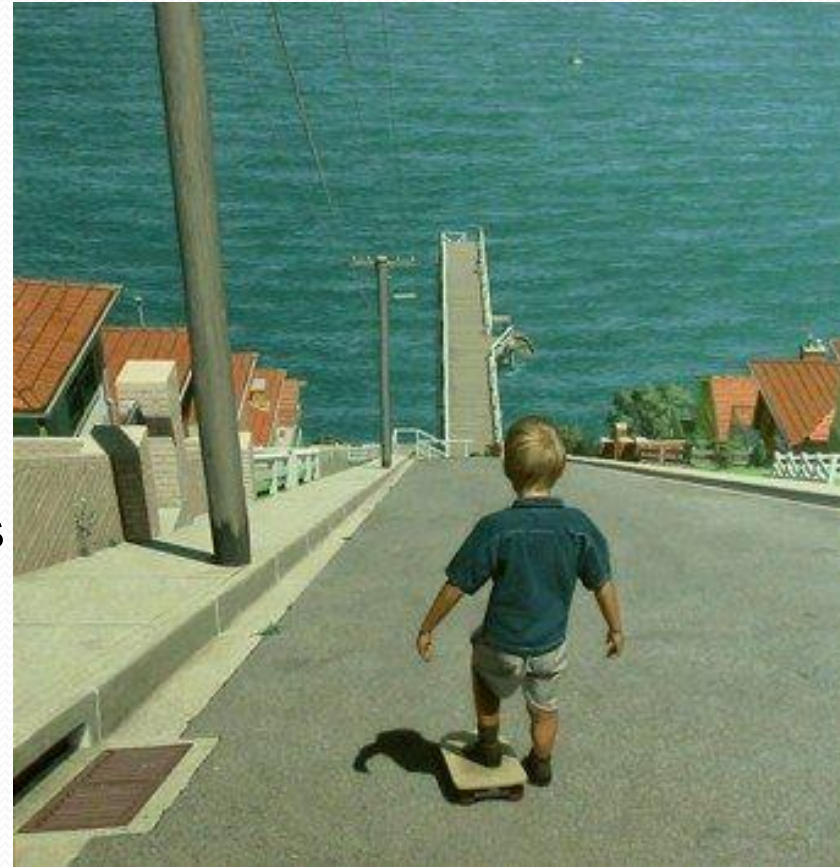
- **Administration at or below 10% of total budget (currently 8.78%)**

Governing Board Policy Direction: Administrative Support should roughly shrink or grow commensurate with the size of the organization.

Hold on – It'll only gets faster from here!

Next Steps:

- Strategic Planning (March - April)
- District Budget Development (April – May)
- Property Appraiser Preliminary Taxable Values – (June 1, 2011)
- Property Appraiser Certified Taxable Values (July 1, 2011)
- Budget Workshop and Proposed FY12 Millage Adoption - (July 14, 2010)
- Budget Public hearings:
 - 1st hearing – Sept. 7, 2011
 - Final hearing – Sept. 20, 2011



Questions?

